MEMORANDUM

TO: STEPHEN KLEIN AND CATHERINE BENHAM, LEGISLATIVE JOINT FISCAL OFFICE

FROM: DANIEL SMITH, IT CONSULTANT FOR THE JOINT FISCAL OFFICE

SUBJECT: ACT 42 – FY20/21 CAPITAL BILL AND THE INTEGRATED ELIGIBILITY PROJECT – THIRD
           INSTALLMENT RECOMMENDATIONS

DATE: OCTOBER 22, 2019

Background. On October 4th, 2019 you asked me for recommendations regarding the third installment of Integrated Eligibility and Enrollment (IE&E) funding as described in Sec. 3 (e) of Act 42, the FY20-21 Capital Bill. This act specified that IE&E funding would be released in three parts as follows:

- $3,250,000.00 upon passage of the act, which shall include $250,000 to be used as described in Sec. 32 of the act (First Installment);

- $750,000.00 following Joint Fiscal Committee (JFC) approval to release the funds at its September meeting (Second Installment); and

- $750,000.00 following Joint Fiscal Committee approval to release the funds at its November meeting (Third Installment).

Act 42 specifies that the second and third installment approvals will be based on the results of reports prepared as described in my memo to you of April 5, 2019. AHS and ADS jointly submitted the first required report on September 1, 2019, and the JFC subsequently approved the release of the second installment. On October 22, ADS and AHS jointly submitted the second report. As required, this report includes the status, including successes, setbacks, and achievement of expectations, of the Online Application Project (CCP2), the Premium Processing Project, the Master Data Management Project, and CMS Mitigation Items. The report also includes updates on the projects previously reported on in September: the Healthcare Application Usability (HCAU) Project, the Electronic Content Management (ECM) Project, the Business Intelligence (BI) Project, and the Customer Portal Phase One: Document Uploader (CCP1) Project. The November report is considered complete, and includes updated information on cost, schedule, and overall status for each of the required projects.

Recommendations. Based on the submitted AHS/ADS report and other supporting documentation, I have the following recommendations:

1. While one of the ongoing projects is in a high risk state (Business Intelligence Project), and one has been deferred (Master Data Management Project), overall the program is in reasonably good shape. Some schedule slippage has been experienced, but overall things are proceeding at a reasonable pace. With regards to costs, some projects have cost more than initially estimated and some less, but overall the program is roughly on budget. My

conclusion from September is unchanged, in that there is no indication that the program is in danger of failure at this point. In addition, CMS has approved the cost allocation proposed by the state, which mitigates what was a significant financial risk to the program. As a result I recommend that the Third Installment funds be released by the Joint Fiscal Committee. As before, failure to release the funds would have a significant adverse impact on the IE&E program.

2. On October 18, 2019, the previous director of the IE&E program (Cass Madison) left State service for the private sector. In order to continue satisfactory progress for the IE&E program it is critical that program leadership be clarified. As a result, my second recommendation is that at the next meeting of JITOC AHS should present the new leadership structure of the IE&E program. As I have stressed in all previous project reviews, I feel that it is critical to success that overall responsibility and accountability rests with a single person.

3. At the time of the September report several projects had experienced difficulty as a result of network issues, and my recommendation was that ADS and AHS work in concert to develop a process for testing network capacity and effective functionality prior to the November IE&E report to the JFC. This process and plan was completed, and subsequently presented to the Joint Information Technology Oversight Committee (JITOC) at the October meeting. However, the Business Intelligence project has also experienced other problems that are not network related, and I am concerned about the program's ability to successfully complete the project using in-house resources. As a result, my third recommendation is that ADS and AHS present to JITOC either a plan that will ensure the successful completion of the BI project using in-house resources, or a plan to terminate or redirect the project. This presentation should be made at either the November or December JITOC meeting.

Report Review Details. After reviewing the November report, and taking into consideration the various reports and other documents that have been made available to me over the summer of 2019, I believe that the IE&E program is continuing to progress satisfactorily overall. While it is very good news that CMS has approved the state's proposed cost allocation (this was an earlier high risk item), my biggest concern at this point involves the Business Intelligence (BI) project, and the inability of ADS/AHS to make acceptable progress. The ongoing challenges with this project is also having impacts on other projects such as Master Data Management. As described in the recommendations paragraph above, I feel that it is critical that ADS/AHS determine whether this project can be successfully completed using in-house resources alone.

In reviewing progress against expectations, the following list describes the status of those items required to be included in the November ADS/AHS report per my April 5th memo:

- The Customer Portal Phase Two – Online Application Project. This project is the online version of the application that was developed under the Healthcare Application Usability Project. By the November meeting the expectation was that AHS will have a prototype

ready or nearly so. **Actual status: a contractor has been selected and has started work, and the project appears to be on track for completion by July of 2020.**

- The Premium Processing Project. This project represents activities to support the administration of financial benefit programs and the management of premiums, including transferring Qualified Health Plan premium processing to the insurance carriers. By the November meeting the expectation was that AHS have begun the development of the back-end (i.e. not user visible) components required to accomplish this transition. **Actual status: a contractor has been selected and has started work, and the project appears to be on track for completion by October of 2020.**

- The Master Data Management Project. This project represents the development and deployment of a Master Person Index (MPI) Service and accompanying user-interface and data quality tools. By the November meeting the expectation was that AHS have completed the initial project planning documentation. **Actual status: the project has once again been deferred due to a lack of resources and competing priorities.** Despite its acknowledged importance this project has been deferred multiple times since 2012, and there is substantial doubt on my part as to whether it will ever be successfully completed. It should be noted that the Master Person Index was a prerequisite for the IE contractual effort of 2015, and the failure to complete this and other prerequisites was a significant factor in the decision to abandon that effort and execute the February 2016 "reset" of the IE&E program.

- CMS Compliance Issues. This represents a number of items that AHS is working on to mitigate known problems with CMS compliance. By the November meeting the expectation was that AHS will have been largely successfully in addressing them. **Actual status: progress has been made on several mitigation items, and the remainder will be completed incrementally throughout 2020 and 2021.**

- Projected schedules and activities for the remainder of FY20. This represents an update to the current project schedules to reflect anticipated activities during the remainder of the year. The expectation is that this presentation will set the stage for subsequent requests for FY21 Capital Bill adjustments, specifically revisions to the initial $3.9M appropriation. **Actual status: The November IE&E status report contains the required information, including the anticipated request to increase the $3.9M appropriation to $4.5M.**